

24 July 1955

MEMORANDUM FOR: The Director

SUBJECT: Chronology of Executive Pay - 84th Congress

1. Information was received in the late Spring of 1955 that the Administration was considering the possibility of proposing a broad revision to the Executive Pay Act of 1949. During the period up to the first of July there were staff discussions between CIA and the White House Personnel Office concerning provisions in such a bill relating to the Central Intelligence Agency. At one point, proposals were discussed which would provide for a group of positions immediately below the Director and Deputy Director of Central Intelligence, but these were abandoned.

2. On 13 July 1955, the Director sent a letter to the Director of the Bureau of the Budget on this subject (Tab A). This letter summarized the present salary status of the Director and Deputy Director, and strongly supported the recent report on the Hoover Commission recommending that the salary of the Director be increased to the equivalent of the pay of the Deputy Secretary of Defense, and that the salary of the Deputy Director be increased to the equivalent of the pay of Under Secretaries in the Executive Departments. The letter requested that these proposals be considered by the Administration in connection with Executive Pay Act amendments. This letter was acknowledged by Roger Jones on 28 July 1955.

3. Between the 15th and 20th of July 1955, Jerry Kluttz's column in the Washington Post (Tab B) reported that the Administration had just proposed an executive pay bill to the Congress. Although there was no specific mention of the Director or Deputy Director, there was a clear implication in the article that their positions had not been ranked in anything approximating the positions recommended by the Hoover Commission and supported by the CIA.

4. On the same day, the Director and Colonel White contacted a number of members of Congress. Through the good office of Senator Carlson, they were permitted to see a carbon of an original letter to Senator Olin Johnston signed by the President which Senator Carlson had received.

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This letter forwarded specific proposals by categories on senior positions in the Government (Tab C). The Director was placed in category IV at \$20,500 together with Deputy Directors of the Bureau of the Budget and the Veterans' Administration, Deputy Under Secretaries of Executive Departments and others. In category III at \$21,000 were the positions of Under Secretaries of Executive Departments except Defense and State, the Deputy Postmaster General, Director of the Veterans' Administration, the Administrator of GSA, the Housing and Home Finance Director, the Director of ICA and the Comptroller General. In category II at \$22,500 were the Deputy Secretary of Defense, the Under Secretary of State, the three Service Secretaries and the Director of the FBI. In category I at \$25,000 were members of the Cabinet and the Director of the Bureau of the Budget. The position of the Deputy Director of Central Intelligence was not mentioned in this communication, although it evidently had been recommended in a previous communication at \$17,500.

5. On the same day, the Director conferred jointly with Chairman Murray and Mr. Rees of the House Committee. Chairman Murray remarked generally about the inexcusable delays by the Administration in even proposing an executive pay bill, and told the Director that the problem on his salary and that of the Deputy Director was with the Administration, and not with the Congress.

6. Following these meetings, the Director conferred with the White House staff, who approved any direct approaches he might wish to make to the Congress in behalf of CIA positions. Following this, on 25 July 1955, Colonel White sent to Mr. Belen, Counsel of the House Committee, and to Mr. Kerlin, Assistant Staff Director of the Senate Committee, brief statements in justification of the CIA contention that the positions of the Director and Deputy Director should be in categories II and III of the executive pay bill (Tab D).

7. On or about 28 July 1955, the House passed H.R. 7619 (Tab E). It fixed the basic compensation of the DCI at \$22,000, in the same category with the Secretaries of the Army, Navy and Air Force and the Director of the FBI. The compensation of the DDCI was fixed at \$20,000 along with the Deputy Under Secretaries of State, the Under Secretaries of the Services and the Deputy Directors of a number of other agencies. In this bill, the compensation of the Assistant Secretaries of the Executive Departments was fixed at \$19,000, or one slot below the DDCI. The House bill also provided for a range of salaries at the GS-17 level up to a maximum of \$14,805, which is \$215 above the present maximum for that grade. The compensation for GS-19 was raised from \$14,800 to \$16,000. The House bill would take effect at

the beginning of the first pay period following the date of enactment.

8. On 29 July 1955, the Senate Committee reported S. 2628 (Tab F). A vote was blocked prior to adjournment, however, on the principal grounds that the Committee had held no hearings. The Senate bill fixed the compensation of the DCI at \$22,000, along with the Secretaries of the Army, Navy and Air Force, the Director of the FBI and the Administrator of Veterans' Affairs. The compensation of the DDCI was fixed at \$20,000, along with several other positions, including the Assistant Secretaries of the Executive Departments. The pay range for GS-17 was the same as the range in the House bill, going up to a maximum of \$14,835. GS-16, however, was raised from \$14,800 to a range of \$16,000 to \$17,500.

9. Immediately following adjournment, CIA held staff discussions with Mr. Philip Young's office and pointed out that when the Administration reconsidered the executive pay legislation, we wanted to be sure that CIA views were taken into account. This assurance was given. On 3 December 1955, the Director sent identical letters to Philip Young and to the Director of the Bureau of the Budget, reiterating his previous position on the pay and rank of the Director and Deputy Director, and outlining in detail the reasons for this proposal (Tab G). On 9 December 1955, Mr. Young replied (Tab H) indicating that "We will be glad to give your ranking equations consideration at every stage. The approach you have taken makes the issues very clear." On 15 December 1955, the Director received a letter from Roger Jones of the Bureau of the Budget (Tab I) indicating that all executive pay matters were being handled by Philip Young, and that the Director's letter had been transmitted to him.

10. When the second session of the 84th Congress convened, Senator Johnston indicated that his Committee would reconsider the House and Senate executive pay bills, and on 12 January 1956 he sent a routine request to all Executive agencies, including CIA, for comments on these bills. A reply was drafted and approved for signature by the Director, in effect restating his previous position, but indicating that of the two bills under consideration, the House bill appeared preferable because of the relative rank of the Deputy Director. The Legislative Counsel was unable to clear this letter with Mr. Young's office or with the Bureau of the Budget, and on 13 February 1956, the Director signed a letter to Senator Johnston, with the concurrence of the Bureau, simply stating that S. 2628 represented a substantial advance over existing legislation (Tab J). Before signing this letter, the Director talked to Sherman Adams, and indicated his strong concern over the way in which the positions of the Director and Deputy Director were being handled.

11. On 18 July 1956, after a brief series of hearings, the Senate Committee approved Senate Report 2642 on H. R. 7619 (Tab K), which passed the Senate on 20 July 1956. It fixed the compensation of the DCI at \$21,000, together with the Director of the FBI, the Under Secretaries of all Executive Departments except State and the Deputy Secretary of Defense, and a number of other Directors of Executive agencies. There are a total of 20 positions in this category. The only executive positions at the \$22,000 level are the Secretaries of the three Service Departments. The compensation of the DDCI is fixed at \$20,500, together with 32 other positions, including the chairmen of major governmental boards and commissions, the Deputy Directors of other Executive agencies, and the three Deputy Under Secretaries of State. The Assistant Secretaries of the Executive Departments are at the \$20,000 level, as are the Assistant Secretaries and Under Secretaries of the Service Departments. The Senate bill is identical with the House bill on GS-17 and GS-18 positions. The executive pay provisions of the bill take effect at the beginning of the first pay period after 30 June 1956. The Senate bill, in addition to executive pay, provided a series of miscellaneous authorizations and included an entirely new Retirement bill.

12. Senate and House conferees agreed on a version of H. R. 7619, which was passed by both Houses and will undoubtedly be signed by the President. The conferees accepted the Senate version of the executive pay bill insofar as the DCI and DDCI positions and salaries are concerned. The only change in the categories above and including these positions is a provision immediately following the placement of the salary of the Director of the FBI at \$21,000, which states as follows: "Notwithstanding the provisions of subsection (a), the annual rate of basic compensation of the Director of the Federal Bureau of Investigation shall be \$22,000 so long as such office is held by the present incumbent." In previous years, Mr. Hoover's rank and salary has been handled through annual riders to appropriations bills.

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cc: DDCI

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